FOREIGN CROPS and MARKETS

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF FOREIGN AGRICULTURAL RELATIONS
WASHINGTON, D. C.

Vol. 44 January 26, 1942 No. 4

IN THIS ISSUE

* * * * * * *

- - - - - - -

L A T E C A B L E S

Canada revised 1941 production estimates of specified crops reported as follows, with 1940 comparisons in parentheses: Wheat 299,401,000 bushels (540,190,000), rye 12,956,000 (13,167,000), oats 367,789,000 (404,309,000), barley 116,659,000 (104,256,000), flaxseed 6,412,000 (3,049,000), potatoes 73,031,000 bushels (70,500,000).

- - - - - - -

Argentina second official estimate of 1941-42 grain and flaxseed production reported as follows with 1940-41 comparisons in parentheses: Wheat 227,809,000 (299,458,000), rye 6,299,000 (8,354,000), barley 17,591,000 (36,238,000), oats 32,380,000 (37,168,000), flaxseed 65,744,000 bushels (58,894,000).

* * * * * * *

G R A I N S

PERU'S 1941 WHEAT PRODUCTION ABOVE EARLY EXPECTATIONS ...

The 1941 wheat crop of Peru was unofficially estimated at 3,950,000 bushels, according to information received in the Office of Foreign Agricultural Relations. In the previous year, production was reduced to 3,739,000 bushels, chiefly as a result of damage from rust in coastal areas but also from inadequate rainfall. Although rust also affected the 1941 crop, improved conditions in the highland sections resulted in an increase that more than offset the loss experienced elsewhere.

PERU: Wheat production, trade, and apparent domestic utilization, 1935-1941

Year	Production	Imports a/		Exports a/		Apparent Domestic Utilization
		Wheat	Flour b/	Wheat	Flour b/	
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
1935....	2,134	4,385	70	c/	0	6,589
1936....	3,029	4,476	73	0	0	7,578
1937....	3,316	4,479	97	0	0	7,892
1938....	3,787	4,443	98	0	0	8,328
1939....	4,106	5,011	83	0	0	9,200
Average	3,274	4,559	84	0	0	7,917
1940....	3,739	d/ 4,188	-	-	-	-
1941....	e/ 3,950	-	-	-	-	-

American Embassy, Lima.
a/ Calendar years following harvest. b/ Converted to grain equivalent. c/ Less than 500 bushels. d/ 11 months only; compares with 4,971,000 bushels during January-November 1940. e/ Unofficial estimate.

Imports of wheat during January-November 1941 totaled 4,188,000 bushels as compared with 4,971,000 bushels in the corresponding period of 1940. Imports of flour were not reported, but they are relatively small in most years. Argentina supplies the principal part of the wheat imported by Peru, but small amounts are sometimes taken from Uruguay and Chile. The United States also exports some wheat to Peru, but it is mostly in the form of flour. Stocks of wheat on hand December 31, 1941, were reported at 2.4 million bushels, or about equal to normal mill requirements during 5 months.

The apparent domestic utilization of wheat in Peru averages about twice the volume of production. Considerable effort has been expended by the Government to reduce the country's dependence upon imported wheat, but little success appears to have been attained as domestic utilization has also been increasing. Rust continues to be a menace in coastal

valleys, and the increase obtained in other areas is not expected to be at a rate sufficiently high to affect greatly Peru's dependence upon foreign supplies in the near future.

- - - - - - -

NETHERLANDS INDIES REPORTS RECORD CORN CROP . . .

The 1941 corn crop of the Netherlands Indies was of record size, according to information received in the Office of Foreign Agricultural Relations. The total outturn was estimated at 116 million bushels, 96 million bushels of which were produced on the islands of Java and Madura. No estimate of the total Netherlands Indies 1940 crop is available, but Java and Madura produced only 75 million bushels in that year, or about 5 million bushels less than their average crop during 1935-1939. The large harvest reported for 1941 was attributed to favorable weather and a new government regulation obligating most estates to produce food crops in sufficient quantities to cover the requirements of their own workers. The total acreage planted for 1941 is not known but an estimate covering three of the principal districts of Java and Madura indicates a sizable increase over the reduced area of 4,899,000 acres reported for 1940.

JAVA AND MADURA: Acreage, average yield per acre, and production of corn, 1936-1941

Year	Acreage	Average yield per acre	Production
	1,000 acres	Bushels	1,000 bushels
1936	5,508	15.9	87,408
1937	5,113	15.7	80,188
1938	4,957	15.3	75,819
1939	5,015	15.6	78,153
1940	4,899	15.2	74,641
1941	a/ 5,523	-	96,215

Compiled from official statistics and United States consular reports from Batavia. a/ Incomplete.

Corn and rice are the only grain crops cultivated in the Netherlands Indies, and rice is by far the more important of the two. Corn, rice, and cassava are the three staple foods which constitute the bulk of the native diet. The production and distribution of these crops have been supervised with great care by the Government in order to avoid marked increases in the natives' cost of living.

Corn of the Netherlands Indies is usually designated commercially as Yellow Java Corn or White Java Corn, about 80 percent of the total production being of the former type. It is usually grown as a "second" crop; that is, it is cultivated for a short period of 2 or 3 months on land that is devoted to rice during the remainder of the year. It is

normally planted in November-December and harvested in February. The plants may, however, be cut before maturity in order to make way for the planting of the more important rice crop, in which case the green corn is fed to cattle. This is about the only way that corn is utilized domestically for feed.

Because of variations in soils and climatic conditions, corn is sometimes planted as a second crop after cassava; or two secondary crops may be grown, such as tobacco first and then corn; then again, as in parts of Madura where the soil is not suitable for rice, corn may take first place with the former subordinated; and in some mountain districts, where irrigation water is available and the climate equable, corn planting and harvesting go on continuously one after the other. As a result of all these factors, some corn is planted and some harvested in every month of the year. Strange to say, the total annual acreage of Java and Madura remains remarkably uniform from year to year at around 5 million acres, of which about one-fourth is irrigated. The growing corn is said to be relatively free of insects and pests, but excessive rainfall takes a heavy toll, and the crop has to be harvested before the rainy season begins.

Corn is produced in the Netherlands Indies primarily for domestic consumption as food, and surplus supplies are not thrown on the market until the needs of the producers are covered. Exports usually represent only about 5 percent of the total production, but they play an important part in the corn industry, and local prices are quick to reflect any changes in export prospects. Prior to the "freezing" of Japanese credits in July 1941, most of the corn exported went to Japan, where it was used largely for poultry and livestock feed. Consequently, a virtual monopoly was exercised by Japan over the corn exported from the Netherlands Indies. To offset this situation, special laws were passed in the Netherlands to give preference to colonial imports over those from cheaper sources. While never entirely successful, considerable corn was diverted to the mother country in years of large harvests, such as 1936 and 1937, which helped to support export prices in those years. Shipments to other countries have been relatively unimportant, but large quantities went to China early in 1941 as a result of the Japanese occupation of Indochina, which was the normal source of corn imports into China.

Export prospects for the large 1941 corn crop do not appear bright. In addition to invisible stocks of some 39 million bushels retained by the native population for its own use, it is estimated that commercial stocks on October 31, 1941, totaled 1.6 to 2.0 million bushels, about half of which were held by the Government. The only foreign market available appeared to be in Malaya, where food was needed but where, unfortunately, corn is not held in favor by the natives.

The exportation of all foodstuffs from the Netherlands Indies is subject to license when the Government considers it necessary to curtail exports. Permits for sales of specified quantities are applied not only

to the country as a whole but to individual producing districts as well. These permits are not issued unless selling prices are deemed correct by the Government. With the outbreak of war, exports of corn and other foodstuffs were immediately made subject to license.

NETHERLANDS INDIES: Exports of corn, by principal country of destination, 1936-1940 and January-June 1941

Country of destination	1936	1937	1938	1939	1940	January-June 1941
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Australia	-	33	-	-	-	-
Belgium	-	23	12	-	-	-
China	-	-	-	-	19	1,740
Denmark	8	20	331	-	-	-
Germany	-	-	251	129	-	-
Great Britain	216	110	45	-	28	-
Hongkong	12	12	14	3	-	108
Japan	4,902	6,514	2,394	2,326	2,891	1,419
Chosen	229	-	-	279	297	-
Netherlands	1,429	1,675	438	498	16	-
New Zealand	-	62	-	103	26	-
Norway	-	6	203	3	-	-
Philippines	-	-	-	325	-	-
Singapore	-	4	-	2	-	18
Sweden	-	-	290	-	-	-
Other	17	-	4	5	2	1
Total	6,813	8,459	3,982	3,673	3,279	3,286
From Java and Madura	5,272	5,606	2,210	2,306	1,272	1,421

Compiled from official statistics and United States consular reports.

UNITED KINGDOM GRAIN AND POTATO CROPS ABOVE EXPECTATIONS . . .

Revised estimates of 1941 grain production in the United Kingdom indicate that final returns of wheat and oats were somewhat better than expected and those of barley only slightly reduced, according to information received in the Office of Foreign Agricultural Relations. The outturn of potatoes proved exceptionally large; placed at about 301 million bushels, it was the record crop produced by England, Wales, Scotland, and Northern Ireland together. In 1922, 322 million bushels were reported, but the large crop of Ireland was then included in that of the United Kingdom. Wheat production, estimated at 75.4 million bushels, was 23 percent larger than the 1940 harvest and the largest crop ever reported for the present territory of the United Kingdom. The production of oats

reached 227.2 million bushels, as compared with 202.4 million in 1940, and the barley crop of 53.3 million bushels was larger than any reported for recent years although below the level attained in 1924 and 1925. The 1941 production of mixed grains, estimated at 491,000 short tons, was almost double that of 1940, but comparable figures for earlier years are not available.

UNITED KINGDOM: Production of specified crops, 1935-1941

Year	Wheat	Barley	Oats	Potatoes
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
1935	65,445	34,300	145,530	173,675
1936	55,253	34,160	138,670	171,323
1937	56,336	30,707	129,290	183,531
1938	73,360	42,187	139,440	190,960
1939	61,413	41,627	140,210	194,731
Average	62,362	36,596	138,628	182,844
1940	61,264	51,520	202,440	239,120
1941	75,376	53,240	227,150	300,869

Compiled from official statistics.

If based on average domestic requirements during more normal years, the dependence of the United Kingdom upon imported foods and feeds would be considerably reduced during the current year. Only 189 million bushels of imported wheat would be required, and 25 million bushels of barley as compared with 203 and 39 million bushels, respectively, during 1933-34 to 1937-38. Instead of the average deficit of 14 million bushels of oats indicated for the more normal period, a surplus of around 71 million bushels would be available this season, while the large potato crop would leave a balance of over 100 million bushels if domestic requirements were not above normal. Shifts and substitutions resulting from war conditions, combined with the Government's efforts not only to supply food and feed to British military forces abroad but also to aid needy allied countries, make it difficult to evaluate the marked increase in home production.

The Government continues to urge farmers to increase their seedings in order that agricultural production may be still larger in 1942. Crop conditions in England and Wales are reported to have been generally favorable during December, and field work made good progress. The germination and growth of winter wheat was considered satisfactory, and such seedings of barley, oats, and rye as had been made appeared to be doing well. Winter seedings were generally delayed, however, and any expansion in the grain acreage will depend largely upon increased seedings of spring grains.

* * * * * * *

VEGETABLE OILS AND OILSEEDS

NETHERLANDS INDIES EXPORTS OF PALM OIL INCREASE IN THIRD QUARTER . . .

Based on semiofficial reports from all producing estates, palm oil production during July-September 1941 was estimated at 68,000 short tons, as compared with 87,000 for the same months in 1940. The decrease was a result of a voluntary restriction decided upon by the Sumatra palm-oil sales pool in May 1941. It was thought that the 1942 production might not be curtailed at all, since the demand and price have increased. A new and large palm-oil estate planted in 1938 will come into limited production this year. The Netherlands Indies produces palm oil chiefly for export. The annual output is normally around 270,000 tons and exports amounted to approximately 97 percent of production prior to 1940.

NETHERLANDS INDIES: Palm-oil production, annual and January-September, 1937-1941

Year	Annual	January-September
	Short tons	Short tons
1937	219,459	162,874
1938	249,856	187,492
1939	268,611	195,695
1940	a/ 261,221	195,095
1941	b/ 230,000	168,291

American consulate, Medan.
a/ Revised. b/ Preliminary.

There was little interest in palm kernels in 1941. The loss of European markets was much more severe for palm kernels than for oil, as practically the entire crop was shipped there. Production had increased annually from 1932 to 1940, when it reached 58,000 tons. No exports were recorded during January-September of the past year.

NETHERLANDS INDIES: Palm kernel production, 1932 to 1941

Year	Production	Year	Production
	Short tons		Short tons
1932	20,298	1937	46,105
1933	25,138	1938	52,950
1934	27,423	1939	58,079
1935	33,747	1940	20,718
1936	39,833	1941	a/ 1,248

American consulate, Medan.
a/ January-September only.

Exports of palm oil during the third quarter of 1941 were 28 percent above the corresponding period of the year before and 61 percent greater than the April-June quarter of 1941. This was due to increased shipping space made available by the Netherlands Government during August and September. Early in 1941 the British Government contracted for 55,000 short tons of Sumatra palm oil at $37.75 per ton, f.o.b. Belawan Deli, but only 21,000 tons had been shipped by the end of September. Since the outbreak of the war in Europe, the United States has become the leading market for Sumatra oil. During the July-September quarter, 77 percent of the total exports were to this country. This represents the largest proportional percentage in several years. Total shipments of 52,000 tons to the United States during the quarter under review were the largest for any quarterly period in the history of the Sumatra palm-oil trade.

NETHERLANDS INDIES: Palm-oil exports, annual 1939 and 1940, January-September, 1940 and 1941

Country of destination	Annual		January-September	
	1939	1940	1940	1941
	Short tons	Short tons	Short tons	Short tons
Great Britain	40,713	12,431	8,022	20,845
Canada	2,756	5,349	2,886	2,601
United States	114,590	117,134	86,378	114,501
British India	1,695	1,770	1,036	4,994
Netherlands	59,468	21,292	20,842	-
Italy	14,025	4,387	6,634	-
Union of South Africa	5,445	5,999	3,942	3,569
China	6,448	7,525	5,844	2,640
Others	8,019	18,226	18,110	6,471
Total	253,159	194,113	153,694	155,621

American consulate, Medan.

Stocks of palm oil at the end of the third quarter were estimated at 90,000 short tons, probably all from the 1941 crop, as it is believed that the carry-over from 1940 was disposed of first. Storage capacity for 188,000 tons was available at the end of September, and the program called for a capacity of 200,000 tons by the end of 1941. Prices showed a vast improvement during the latter part of 1941, when the official pool selling price reached 5.25 cents per pound, c.i.f. Pacific coast ports. A substantial portion of the 1942 crop had been contracted for by the middle of November.

EXPORTS OF LIBERIAN PALM PRODUCTS BELOW NORMAL . . .

Liberia's exports of palm oil and palm kernels have steadily declined since the beginning of the European war. Germany was formerly the heaviest consumer of Liberia's palm products. In 1940 small shipments of both oil and kernels went to the Netherlands and Belgium; however, during the first 8 months of 1941 it is reported that no palm products were exported to Europe. As the quality of this oil is very poor, it may be difficult to find new markets.

LIBERIA: Exports of palm oil and palm kernels, 1936-1940

Year	Palm oil	Palm kernels
	1,000 pounds	1,000 pounds
1936	2,907	27,305
1937	3,240	24,663
1938	1,624	25,910
1939	1,099	12,178
1940	660	6,046

Compiled from official sources.

Palm trees grow in abundance throughout Liberia, but utilization is made of a comparatively small quantity of the products. It has been said that if oil produced for export were subject to inspection and supervision, this Colony might easily be one of the large exporters of West Africa.

The method of extraction used by the natives yields only about one-third of the existing oil. The ripe fruit is thrown into a trench where it remains until it is decomposed by exposure to air and heat. These elements mellow the tough meat of the fruit and loosen it from the kernels. The fruit is then put into a container and pounded. After this process it is transferred to vats and covered with water. The women and children then tread out the oil, which rises to the surface of the water and is skimmed off and boiled until the water evaporates.

Palm oil is one of the principal foods of the natives, especially in the interior where it ranks second only to rice. Cooked rice is not considered complete unless served with palm oil. It is also used in the manufacture of soap and for fuel.

* * * * * * *

- - - - - - -

COTTON - OTHER FIBERS

FURTHER REDUCTION ANTICIPATED IN EGYPT'S 1942 COTTON ACREAGE . . .

A bill designed to further reduce Egypt's 1942 cotton acreage by forbidding the planting of cotton in certain delta districts has been approved by the Council of Ministers. Acreage-reduction legislation enacted on February 22, 1941 (see issue of March 3, 1941), together with a lower yield in all sections of Egypt, caused a decline in production from 1,900,000 bales (of 478 pounds) in 1940 to 1,640,000 in 1941.

Legislation enacted in September 1941 (see issue of December 22, 1941), was intended to reduce the 1942 acreage to approximately 80 percent of that in 1940. Furthermore, bounty payments of 1.5 to 2 Egyptian pounds per feddan ($5.96 to $7.95 per acre), being offered this year by the Government for diversion of cotton land to the cultivation of wheat, barley, and beans, are also expected to encourage acreage reductions. Should the new bill be passed by the Egyptian Parliament, the intended acreage for 1942 will be smaller than previously expected. A decree published on November 25, 1941, places the movement of all cotton from the interior to Alexandria under the control of the Ministry of Finance and subject to license. Shipments will be limited largely to cotton intended for export. Purchases of 1941 cotton by the Anglo-Egyptian Cotton Commission began in November.

Stocks of cotton in Egypt on November 26, 1941, were estimated officially at 2,560,000 bales against 2,003,000 on the corresponding date a year earlier. Exports from the beginning of the season (September 1) until the end of November were 271,000 bales in 1941 as against 183,000 in 1940. Domestic consumption during the 3 months was estimated at 41,000 and 30,000 bales, respectively.

- - - - - - -

COTTON GROWING INCREASED IN IRAQ . . .

The 1941 cotton acreage in Iraq, estimated at 229,800 acres, exceeds the 1940 area by 81,600 acres and is the largest on record. The 1940 crop was estimated at 21,000 bales (of 478 pounds). Production for 1941 is not available, although the crop was reported to have been good despite considerable flood damage just before picking began. The entire 1940 production and other stocks on hand were sold to a Japanese firm early in October 1940. Since there are no cotton mills in Iraq, all commercial stocks of cotton are usually exported. Part of the 1941 cotton was exported to India, and it was expected that the remainder would eventually be sold in that country.

* * * * * * *

FRUITS, VEGETABLES, AND NUTS

SOUTH AFRICAN FRUIT CROPS EXPECTED TO BE ABOUT AVERAGE . . .

The deciduous fruit crops in the Union of South Africa for the 1941-42 season are expected to be about average, according to information received in the Office of Foreign Agricultural Relations. The 1941 apple crop was preliminarily estimated at 1,400,000 boxes compared with an average of 1,018,000 boxes in the 5 years 1937-1941, while the pear estimate was placed at 761,600 boxes compared with the previous 5-year average production of 806,000 boxes.

Since the British markets will be closed again this year to South African fruit exports, the Government has formulated a scheme to assist fruit growers. Under the plan for the 1941-42 season, the South African Deciduous Fruit Board has been empowered to purchase the export crop, or that portion which would have been exported under normal conditions. Previously, it had been proposed that the Board purchase the entire crop of all fruits. The Board will of course incur a heavy loss in its purchase program and this the South African Government will defray. The cost of the scheme is placed at around $800,000, which is the estimated difference between the prices the Board will pay for fruit purchased and the net returns accruing from the disposal of the produce.

The Board has been given authority to purchase the entire commercial crops of pears and plums, which formerly moved almost entirely in export channels. About 23,500 short tons or 68 percent of the commercial table-grape crop are also to be purchased by the Board. The balance is to be disposed of in local markets and in processing. The export quotas on peaches may be delivered by growers to the Board. Apple purchases are now placed at around 467,000 bushels, or about one-third of the crop, and the quantity will be more accurately determined when a later estimate of the apple crop is available.

SOUTH AFRICA: Estimated production of fruit and volume to be purchased by the Deciduous Fruit Board, 1941-42

Fruit	Unit	Estimated production	Estimated purchases	Percentage
Grapes	Short ton	34,700	23,500	68
Pears	Bushel	761,600	761,600	100
Apples	Bushel	1,400,000	467,000	33
Plums	Short ton	7,800	7,800	100
Peaches	Short ton	7,800	7,800	100

Compiled from consular sources. Pears converted to bushels of 50 and apples to bushels of 48 pounds.

The present tentative plan with respect to shipments to the United States calls for the utilization of some 30,000 cubic feet for shipping fruit during February, March, and April. This volume, which is expected to consist almost entirely of grapes, is equivalent to approximately 60,000 boxes, of 10 pounds net, of grapes.

- - - - - - -

GERMAN POTATO CROP REDUCED IN 1941;
TRANSPORTATION CREATES LOCAL SCARCITIES . . .

The estimate of the potato crop in Greater Germany for 1941 is placed at 2,388,316,000 bushels or nearly 200,000,000 bushels below the bumper 1940 harvest. The crop estimate is presumed to include the highly productive potato area of western Poland, which has been administratively incorporated into Germany.

The German potato supply situation is somewhat confused because (a) the full effect of weather damage to the potatoes last fall and early winter cannot be evaluated, and (b) no estimate is available of German potato imports from other continental sources. The importance of potatoes as a basic food in the German diet makes the insurance of an adequate supply of potatoes to the civilian population a primary concern of Government policy.

Present human consumption of potatoes in Germany has been estimated at around 750 million bushels annually. Utilization for seed, the manufacture of industrial alcohol, and waste are estimated at around 625 millions; and the remainder of the crop is used as feed for livestock, a utilization of considerable importance in the current context where ex-European fodder supplies have been cut off from the Continent of Europe.

Precise evaluation of the potato situation is impossible with available information, but reports from many sources indicate a situation with considerable difficulties. The 1941 crop appeared in fairly favorable condition at the time of harvest, although it was somewhat inferior in both quantity and quality to the record outturn of 1940. Early, severe frosts were reported to have caused damage in many sections to potatoes, which, due to the labor shortage, had not been dug or were on the field awaiting handling. Complaints about frost-bitten potatoes are rather widespread. Farmers may be forced to reduce their hog population or, alternately, curtail feeding to heavier weights, because of reduced feed supplies, if damage has been considerable.

Reports from the press and other sources have told of potato shortages in many large German cities since last summer. Reports of rationing have also been circulated. Official reports received

In October indicate that actual rationing of potatoes has not as yet been adopted. Such action has been under consideration, and in Berlin the household ration card issued last fall includes a section covering potatoes, but no information has been received to indicate that such a scheme has been put into operation. The Government authorities are reported to be very reluctant, because of the effect on the morale of the civilian population, to place potatoes under rationing, especially outside of limited areas where local shortages may develop.

In order to alleviate the transportation problem in the winter months, German authorities have recommended for the past 2 years that consumers procure a winter's supply early in the season. This recommendation was issued again last fall. Presumably in order to prevent a person from obtaining a winter supply from more than one source, a system of restricting purchases to a particular ship on the basis of customer lists has been in effect in larger cities. Thus, supplies purchasable by consumers depend largely on their dealers' supplies and vary greatly according to the shop's available stock.

From a point of view of production, German harvests are more than sufficient to cover human consumption, since that consumption absorbs only between 25 and 30 percent of the crop. If the German crop were reduced, it is thought more likely that the necessary reduction in utilization would be made by curtailing the use of potatoes for feeding purposes, especially for heavy-weight hogs, and possibly some curtailment in the total hog population.

The key to Germany's potato difficulties probably lies in the transportation situation. Stringencies reported up to now appear to be due either to seasonal scarcities between crops or to local shortages arising out of transportation difficulties. This appears to be a major reason why German authorities have recommended that consumers buy potatoes early. The shortages appear to be local in character and to be confined mostly to the larger cities. Thus, it would appear that the potato scarcity, like the coal shortages in Germany last winter, was related to the transportation and distribution problems rather than to the supply factors.

Transportation difficulties may also account for the arrival of frost-bitten potatoes in consuming centers. A recent report from Finland states that the major proportion of potatoes purchased by the Helsinki municipality from Germany (amounting to 330,700 bushels) arrived in a frozen condition.

Some reports indicate that a more general scarcity of potatoes may come to Germany next spring. Available information can neither confirm nor deny this as a possibility. Much will depend upon feeding operations and industrial uses during the winter period. It is thought

more likely that potato shortages when and if they develop, especially for the human population, will be associated primarily with transport problems.

ONIONS RATIONED IN GERMANY . . .

A recent decree published by the German Ministry of Food and Agriculture makes onions subject to general rationing throughout the country, according to information received by the Office of Foreign Agricultural Relations. Previously, onions had been rationed only in specific localities, where limited supplies made such a measure necessary. Under the regulation, onions may be purchased only by means of a special food card.

A similar decree was published covering the Protectorate of Bohemia and Moravia. This measure reflects the increasing scarcity of onions in Germany, especially the absence of supplies from overseas, Egypt and Chile in particular.

EARLY MEXICAN VEGETABLE MOVEMENT HEAVY . . .

Shipments of Mexican winter vegetables to the United States during the current season to December 31 have amounted to 10,591,000 pounds, which is more than twice as heavy as the movement in the comparable period in the 2 previous years, according to a report from American Vice Consul Thomas M. Powell at Nogales. Sharp increases in exports of tomatoes and green peppers account for this expansion.

MEXICO: Exports of winter vegetables to the United States, December 16-31 and November 23-December 31, 1939-1941

Vegetables	December 16-31			November 23 - December 31		
	1939	1940	1941	1939	1940	1941
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Tomatoes	1,595	1,621	5,630	3,955	3,571	9,380
Green peas	92	46	73	91	46	73
Green peppers....	146	601	785	167	699	1,131
Eggplant	0	0	7	0	0	7
Total	1,833	2,168	6,495	4,213	4,316	10,591

Compiled from consular sources.

Tomato shipments from Mexico in the last half of December 1941 amounted to 5,630,000 pounds, or a threefold increase over the movement in the same period in each of the 2 preceding years. All of these shipments came from the southern part of Sonora. Heavy frosts on December 23-24 caused considerable damage to tomatoes in this section, and the export movement in the next few weeks is expected to reflect this damage, which is estimated at around 200 cars. Sonora will cease shipping toward the latter part of January. The crop in Sinaloa will begin to move in January and by February should be moving in heavy volume.

Green-pea shipments from Sonora were expected to reach 500 cars for the season but this figure has been reduced to about 250 cars because of the recent frost damage. Growers of peppers are reported to be experiencing a financially unsuccessful season despite the heavier export movement, because of the prices prevailing in American markets.

MEXICO: Estimated acreage and volume of vegetables to be available for export from Sonora, Sinaloa, and total, January 1 to end of 1941-42 season

Vegetable, area, and quantity for export	Sonora	Sinaloa	Total
Tomatoes -			
Acres	4,600	25,900	30,500
Cars	600	3,700	4,300
Peas -			
Acres	5,700	300	6,000
Cars	600	30	630
Peppers -			
Acres	500	4,200	4,700
Cars	100	800	900
Eggplant -			
Acres	20	50	70
Cars	7	15	22
Total a/ -			
Acres	10,900	30,570	41,470
Cars	1,315	4,557	5,872

Compiled from consular sources.
a/ Includes green beans and mixed vegetables.

* * * * * * *

L I V E S T O C K A N D A N I M A L P R O D U C T S

AUSTRALIA AND NEW ZEALAND MEAT EXPORTS REDUCED BY SHIPPING DIFFICULTIES 1/ . . .

Australia and New Zealand are having difficulty in adjusting their national economies to the reduced export outlet for frozen meat. Increasing shipping hazards as well as a scarcity of refrigerated shipping space had already compelled the British government to reduce frozen-meat purchases before recent developments in the Pacific area aggravated the situation still further. The several governments have been obliged to devise ways and means to cope with the problems that have arisen.

Normally these two countries must find an export outlet for 17 percent of the beef and veal produced, or approximately 400 million pounds, and 46 percent of the lamb and mutton produced, or around 600 million pounds. Prior to the war the United Kingdom took 83 percent of the surplus beef and 99 percent of the lamb and mutton.

AUSTRALIA AND NEW ZEALAND: Exports to the United Kingdom and total, 1935-36 to 1941-42

Kind of meat and year	Australia (July-June)		New Zealand (Calendar years 1935-1941)	
	To United Kingdom	Total	To United Kingdom	Total
	Million pounds	Million pounds	Million pounds	Million pounds
Beef & Veal				
1935-36...	171.4	196.8	98.3	103.6
1936-37...	214.4	234.6	94.1	95.3
1937-38...	272.2	293.8	110.6	112.2
1938-39...	249.1	273.4	144.5	115.8
1939-40...	a/	b/ 273.7	135.4	136.9
1940-41...	a/	a/	a/	167.4
1941-42...	a/	a/	a/	c/ 97.0
Mutton & Lamb				
1935-36...	173.9	178.0	406.6	406.7
1936-37...	204.4	208.5	390.5	390.6
1937-38...	196.7	201.8	407.5	407.7
1938-39...	180.2	185.6	407.1	407.5
1939-40...	a/	248.5	448.3	449.5
1940-41	a/	b/ 172.0	a/	538.4
1941-42	a/	a/	a/	c/ 340.0

Compiled from official sources.
a/ Unavailable. b/ Beef only - veal not reported in monthly statistics.
c/ Estimate based on exports for 8 months as reported officially.

1/ Esther H. Johnson, Assistant Agricultural Economist.

In order to meet wartime requirements for meat, dairy products, and wool, the breeding of cattle, sheep, and hogs has been on the increase up to the present in both Australia and New Zealand. The Australian Meat Board believes that future demand for beef will justify the maintenance of herds so as to enable Australian beef to compete in world markets after the war. Sheep numbers in Australia have reached the highest level in history. Numbers are also large in New Zealand. The United Kingdom has purchased the wool surplus of these countries for the duration of the war and one clip thereafter so that sheep numbers will probably continue large. The reduced outlet for hog products indicates that some decline may occur in hog numbers.

AUSTRALIA AND NEW ZEALAND: Livestock numbers, slaughter, and meat production, 1935-36 to 1941-42

Item and year	Australia			New Zealand		
	Cattle and calves	Hogs	Sheep and lambs	Cattle and calves	Hogs	Sheep and lambs
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
Numbers a/						
1935.....	14,049	1,158	113,048	4,293	763	29,077
1936.....	13,912	1,294	108,876	4,254	808	30,114
1937.....	13,492	1,203	110,243	4,389	802	31,306
1938.....	13,078	1,100	113,373	4,506	756	32,379
1939.....	12,862	1,156	111,058	4,565	683	31,897
1940.....	13,091	1,454	119,305	4,533	714	31,063
1941.....	c/	c/	121,689	4,576	767	31,771
Slaughter d/						
1935-36.....	3,058	1,984	17,896	1,663	1,042	12,016
1936-37.....	3,477	2,074	18,536	1,571	1,106	12,821
1937-38.....	3,827	1,897	19,339	1,683	1,115	13,892
1938-39.....	3,581	1,840	18,900	1,614	1,040	14,671
1939-40.....	-	-	-	1,661	828	14,584
1940-41.....	-	-	-	-	989	-
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Meat production d/						
1935-36.....	1,098	162	675	476	92	511
1936-37.....	1,235	168	697	436	95	545
1937-38.....	1,337	156	729	488	125	593
1938-39.....	1,964	157	727	479	116	641
1939-40.....	-	-	-	487	93	732
1940-41.....	-	-	-	-	111	-

Compiled from official sources.
a/ January; except for sheep in New Zealand, April 30. b/ Preliminary.
c/ Unavailable. d/ July-June for Australia; April-March for New Zealand.

At the beginning of the war, Britain undertook to purchase the exportable meat surplus of Australia and New Zealand, as in normal times The United Kingdom is dependent on these countries for about four-fifths of the mutton and lamb import requirements and about one-fourth of the beef. New Zealand supplied most of the lamb, and Australia the larger share of the beef. The reduction in British purchases in 1940-41 and 1941-42 is of much greater importance to the overseas Dominions than to Britain, which can obtain its present reduced requirements elsewhere, except for frozen lamb.

Specific means for cushioning the effects of the blow to the farmers and other interests in Australia and New Zealand of reduced exports of primary products have been taken by the British Government in conjunction with the Governments of Australia and New Zealand.

The Agreement reached between the British Government and the Governments of Australia and New Zealand regarding primary production for export contains the following main points:

1. The United Kingdom is to purchase the Australian and New Zealand surplus produce that can be shipped, at prices and under such terms as may be agreed upon with the Ministry of Food.
2. Meat to be adapted to available shipping facilities, for example, by deboning, canning, or pressing.
3. Alternative markets to be developed.
4. Reserve stock of storable foodstuff to be agreed upon.
5. Quantities stored to be based on (a) probable post-war demand, (b) importance of industry to Australia or New Zealand.
6. The financial burden of acquiring and maintaining reserve stocks to be shared by the United Kingdom and the Governments of Australia or New Zealand. General and specific objectives in regard to meat production advocated by the New Zealand Minister of Agriculture, are as follows. Somewhat similar recommendations have been made for Australia.

General objectives -

1. A swing to wool production rather than meat wherever practicable, Farmers advised not to breed ewes verging on cull quality but to hold them, as they will produce a good wool clip.
2. A swing from sheep to dairying not deemed advisable.

Specific objectives - for the purposes of obtaining greatest possible production under the processing facilities available and the productive resources that can be made available.

1. The maintenance of hog production at the least possible cost by utilizing for feed dairy byproducts and crops grown on the farm.
2. The maintenance of current potentialities of primary production by insuring supplementary feed supplies. Acreage of oats and barley for green feed and of forage crops such as turnips, rape, etc., to be kept on the same level as in 1940-41.

3. The provision of a reserve supply of fodder to meet abnormal demand likely to develop on account of probable need to spread slaughter over a longer period. Surplus grass to be conserved in the form of hay or silage.

Australia

As a result of the reduced shipping program for the third year of the war the United Kingdom has indicated that five-eighths of the available space from Australia will be for Middle East destinations and the remainder for the United Kingdom. The British meat contract for the third year of the war, October 1, 1941, to September 30, 1942, calls for 486 million pounds, a reduction of 13 percent compared with the original 1940-41 contract and 10 percent as compared with 1939-40. The new contract is for 146 million pounds of beef, 168 million pounds of lamb and mutton, and 45 million pounds of pork. All available refrigerated space for shipment of meat from Australia to the United Kingdom is to be reserved for frozen lamb, as mutton and pork can be canned, and almost all the beef is to be shipped to the armed forces in the Middle and Far East. Average pre-war shipments to the United Kingdom were approximately 230 million pounds of beef and 190 million pounds of lamb and mutton. The British under the new contract have purchased 128 million pounds of canned meat, and there may be a still further demand for this type. Canned meat, if any, was not mentioned separately in earlier contracts.

MEAT: British contracts with Australia, 1939-40 to 1941-42

Items	October-September		
	1939-40	1940-41	1941-42
	1,000 pounds	1,000 pounds	1,000 pounds
Beef	a/ 478,000	a/ 504,000	145,600
Lamb and mutton			168,000
Pork	60,480	54,000	44,800
Canned meat	b/	b/	c/ 128,000
Total original contract	538,000	558,000	486,400
Contract revised			
January 1941	-	444,000	-
March 1941	-	323,000	-
April 1941	-	444,000	-
Actual exports	d/ 582,000	d/ 202,000	-

Compiled from official sources. a/ Mostly beef. b/ Not separately reported. c/ Information not available as to whether this is on a dressed-weight basis. d/ Estimate for exports under contract in 1939-40. Of the total quantity shipped under contract to the United Kingdom in 1939-40, beef and veal constituted 276 million pounds. In the period October-June 1940-41, only 83 million pounds were of beef.

Last season (1940-41) the British Government revised the Australian meat contract downward several times, and the Australian Meat Board was

kept busy making recommedations to the Australian Government for ways of softening the blow to livestock men. The original quantity involved was 558 million pounds. As shipping became more difficult and refrigerated space more limited, the British government reduced purchases in January to 440 million pounds and on March 4, 1941, to 320 million. On April 23 a cable to Australia from the British Government stated that the United Kingdom had agreed to purchase and try to ship the 440 million pounds mentioned in January. Exports, however, for the fulfilment of this contract in 1940-41 totaled only 202 million pounds against 582 million in 1939-40.

Stocks in export storehouses at the end of September 1941 totaled 57 million pounds compared with 77 million at the end of September 1940. Stocks of meat in export storage averaged 38 million pounds on June 30 for the 5 years 1935-1939, according to official estimates.

The outlook for the beef industry in Australia appears to be better than for lamb, although the purchase of frozen beef was already restricted in the second contract to first and second qualities of steer and heifer quarter beef and was still further restricted in the third contract. A fairly large proportion of the output of quarters is required, however, for the armed forces in the Middle and Far East, and even if frozen beef is not required, there is a very large outlet in the form of canned. That part of the first and second qualities which cannot be sold to the United Kingdom will be purchased by the Australian Government at prices below the contract price and sold to canning operators at the canning price. In this manner the burden of reduced exports will be borne equally by all producers. It is estimated that the canning industry absorbed about one-third of the export beef in 1940-41 and may absorb as much as half in 1941-42.

The situation in regard to lamb and mutton has been more difficult to adjust. The series of reductions which took place in British purchases in 1940-41 compelled the Australian Government to decide in April 1941 that no more mutton or lamb should be received into store for export until the commencement of the new lamb season, in an effort to have as little meat in export store houses as possible at the beginning of the new season in October 1941. Attempts were made to control marketing so that the supply would not exceed domestic consumption requirements. Later the Government purchased all the remaining export lamb for 1940-41, paying a price somewhat below the United Kingdom contract. If the Government succeeded in reselling to the United Kingdom at a profit (after meeting storage costs) this profit was to be used to subsidize canning operations. Mutton is no longer to be exported in the form of frozen carcasses. As much as possible will be canned, thus providing a way in which it can be exported.

The new 1941-42 contract calls for 45 million pounds of Australian pork, a reduction of 17 percent compared with 1940-41 and 25 percent

below 1939-40. No frozen pork is to be exported to the United Kingdom in the third contract year. The Commonwealth Government will purchase canned pork sausage, canned shoulder, and bacon. By far the largest of these classes will be canned sausages, for which very large orders have been received from army authorities. Hogs required for sausages for canning are heavier than those required for bacon. Producers will have to alter their methods to produce this heavier hog. Present conditions appear to preclude further expansion of the hog industry.

New Zealand

The British contract for the purchase of New Zealand meat in 1941-42 (October to September) involves 616 million pounds, an increase of 11 percent compared with the final revised (May 1941) contract for 1940-41 but a decrease of 8 percent compared with 1939-40. Details as to the kinds of meat purchased have not been given, but the bulk is undoubtedly frozen lamb. It is estimated that the total quantity of meat available for export is 784 million pounds, which leaves a considerable quantity to be exported to other markets or for storage. Average exports of meat from New Zealand in the 5 years 1935-1939 amounted to 583 million pounds, 51 percent of which was lamb.

MEAT: British contracts with New Zealand, 1939-40 to 1941-42

Item	October-September		
	1939-40	1940-41	1941-42
	1,000 pounds	1,000 pounds	1,000 pounds
Meat, all kinds a/	672,000	616,000	616,000
Contract revised			
December 1940	-	b/ 535,000	-
March 1941	-	404,000	-
May 1941	-	556,000	-

Compiled from New Zealand trade source (published).
a/ Principally lamb, but details for different kinds not reported.
b/ Includes 47 million pounds of bacon.

It was estimated that 175 million pounds of meat (mostly lamb) was in store on September 30, 1941. The surplus was not as large as indicated in June, but a surplus exists, and unexportable meat of all classes will continue to be produced in 1941-42. The carry-over of beef into the 1941-42 season (October 1 - September 30) was estimated at 45 million pounds. While the United Kingdom is making every effort to lift the maximum quantity of export meat and payment will be made for the meat actually taken, each Government will take an equal share of the liability for the surplus remaining in store on September 30, 1942.

Storage facilities have been provided in New Zealand for about 600 million pounds of meat (October 1, 1941), or approximately 1 year's export surplus. Total meat production in 1941-42 is estimated at 750

- - - - - - -

million pounds. Economies of space of considerable proportions are taking place by deboning, trimming, and canning, as in Australia.

The capacity of plants in New Zealand for preparing canned meats, based on an 8-hour day, was estimated in October at 22 million pounds annually. With finances arranged to provide additional plants, which would bring the total capacity to approximately 50 million pounds, the equivalent would amount to a little over 80 million pounds of boned meat. New Zealand sources state that canning plants can be operated for 10 hours daily without undue strain on the personnel, and if required the total output can be increased by 20 percent, bringing the total to approximately 60 million pounds or the equivalent of almost 100 million pounds of boned meat. Shipped as refrigerated cargo (in chilled or frozen form) this quantity of canned meat would represent 168 million pounds. The potential canning capacity would be sufficient to deal with all the meat not now being accepted for export to the United Kingdom in a frozen condition.

- - - - - - -

CUBAN DEMAND FOR LARD WELL MAINTAINED . . .

Consumption of hog lard in Cuba appears to be well maintained, with a noticeable widening in demand as compared with competing oils and fats. Receipts of American lard during the first 11 months of 1941 totaled 71,751,000 pounds, an increase of 15 percent above the same 11-month period in 1940. Heavy imports earlier in the year have been followed by somewhat smaller imports in November. Unofficial figures place November imports at 5,000,000 pounds against 5,993,000 in October and 6,531,000 pounds in November 1940. The price of prime steam lard in Habana as of December 17, 1941, was $15.50 (United States currency) per 100 pounds and that of refined lard $15.90.

- - - - - - -

GERMANY ENCOURAGES HOG MARKETING
TO REPLENISH MEAT SUPPLIES . . .

The German Government has raised the price to be paid for heavy slaughter hogs of a live weight of over 220 pounds delivered for immediate slaughter with the obvious objectives of economizing on feedstuffs and replenishing the supply of pork available. The order will not only discourage the raising of heavy hogs but at the same time will give impetus to future breeding operations. The premiums fixed by the Central Association for the Control of German Livestock for early delivery are as follows: Delivery from November 24 to December 20, 1941, 14.00 reichsmarks per head ($5.60); and from December 21, 1941, to January 17, 1942, 12.00 reichsmarks ($4.80).

* * * * * * *

Index

* * * * * * *